

March 31, 2004

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IN THE SUPREME COURT OF THE STATE OF IDAHO

2004 Opinion No. 35

MICHAEL JAMES LARSON,)	
)	
Plaintiff-Respondent-)	
Cross Appellant,)	
)	Docket No. 30106
v.)	
)	
BILLIE JOYCE LARSON,)	
)	
Defendant-Appellant-)	
Cross Respondent.)	

Appeal from the District Court of the Seventh Judicial District of the State of Idaho, in and for Madison County. Hon. Richard T. St. Clair, District Judge; Hon. Jerry R. Meyers, Magistrate Judge.

The judgment of the magistrate court is reversed in part and this case is remanded.

Swafford Law Office, Chtd., Idaho Falls, for appellant. Ronald L. Swafford argued.

Rigby, Thatcher, Andrus, Rigby, Kam & Moeller, Chtd., Rexburg, for respondent. Jerry R. Rigby argued.

In a unanimous opinion the Idaho Supreme Court reversed in part and remanded the portion of the magistrate court's judgment allocating the loss in value of community property caused by the manner in which the magistrate divided the property.

The parties were divorced after thirteen years of marriage. During their marriage, Michael Larson (Michael) worked as an orthopedic physician and Billie Joyce Larson (Billie) worked as a psychologist and then in Michael's medical practice. They acquired substantial community property, including several parcels of real property that they had combined into a

531-acre ranch. The magistrate judge found that the fair market value of all community property totaled \$3,024,529 and that the fair market value of the ranch was \$1,360,000. They apparently had no community debts.

Billie wanted the ranch awarded to her, and Michael wanted it partitioned between them so that he could use a portion of it for a home site. Neither of them wanted it sold. When dividing the community property, the magistrate decided to partition the ranch. He valued the portion awarded to Michael at \$325,000 and the portion awarded to Billie at \$655,000. The total value of both those parcels was \$380,000 less than the value of the ranch if it had not been partitioned. The magistrate therefore ordered that Michael must compensate Billie for her one-half of that loss. The magistrate also awarded Billie \$390,727.92 as “pre-divorce distributions” for monies that she had dissipated while the divorce was pending. Although the magistrate found that there was no compelling reason to substantially deviate from a substantially equal division of property, he awarded Billie \$252,725 more in property than Michael.

Billie timely filed a notice of appeal to the district court, and Michael timely filed a notice of cross-appeal. Billie argued that the magistrate had made a mathematical error in calculating the total values of the property awarded to each party and in awarding her \$390,727.92 in “pre-divorce distributions.” Michael argued on cross-appeal that the magistrate erred in requiring him to compensate Billie for one-half of the diminution in value of the ranch as a result of the court-ordered partition and in making an unequal division of the community property. On appeal, the district court held that the magistrate did not make sufficient findings with respect to the \$390,727.92 in community funds that Billie dissipated while the divorce was pending and that the magistrate erred in failing to divide the community property substantially equally. It upheld the requirement that Michael reimburse Billie for her one-half of the ranch’s loss in value and determined that the magistrate had not made any mathematical error. Billie again timely appealed, and Michael timely cross-appealed.

The Idaho Court of Appeals initially heard the appeal. It held that Billie could be awarded community property that she dissipated while the divorce was pending, but agreed with the district court that the magistrate needed to make additional findings to support the amount of that award. It held that the loss in value of the ranch could be allocated in the property division, but the magistrate abused its discretion in allocating the entire loss to Michael absent a compelling reason to do so. It also held that the property division must be adjusted so that it is equal. Billie then timely filed a petition for review with the Idaho Supreme Court, which granted review. The sole issue addressed by the Court was whether the diminution in value of the ranch as a result of the court-ordered partition could be allocated in the divorce action.

In a unanimous opinion released today, the Idaho Supreme Court reversed in part and remanded the magistrate court’s judgment. Specifically, the Court held that the portion of the judgment allocating the loss in value of the ranch caused by the magistrate partitioning it between the parties must be reversed.